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# GRADES FOR SPRING WHEAT

## HEARINGS

P47-58

BEFORE THE

## COMMITTEE ON AGRICULTURE

HOUSE OF REPRESENTATIVES

SIXTY-SEVENTH CONGRESS

SECOND SESSION

JUNE 5, 1922

**SERIAL J (2d Supplement)**



WASHINGTON  
GOVERNMENT PRINTING OFFICE  
1922

110210

. COMMITTEE ON AGRICULTURE.

HOUSE OF REPRESENTATIVES.

SIXTY-SEVENTH CONGRESS.

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## GRADES FOR SPRING WHEAT.

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COMMITTEE ON AGRICULTURE,  
HOUSE OF REPRESENTATIVES,  
*Monday, June 5, 1922.*

The committee this day met, Hon. Gilbert N. Haugen (chairman) presiding.

There were present: Mr. Haugen, Mr. McLaughlin of Michigan, Mr. Ward, Mr. Purnell, Mr. Voigt, Mr. McLaughlin of Nebraska, Mr. Tincher, Mr. Williams, Mr. Sinclair, Mr. Hays, Mr. Gerner, Mr. Clague, Mr. Clarke, Mr. Jacoway, Mr. Rainey, Mr. Aswell, Mr. Kincheloe, Mr. Jones, and Mr. Ten Eyck.

The CHAIRMAN. Mr. Secretary, would you prefer that we hear from you first or from one of your representatives? What is your desire about that?

Secretary WALLACE. I am not clear, Mr. Chairman, just what you wish with me.

The CHAIRMAN. Mr. Steenerson, will you state, in a brief way, what your proposition involves.

### **STATEMENT OF HON. HALVOR STEENERSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA.**

Mr. STEENERSON. Mr. Chairman, with reference to the bill that was reported and is on the calendar regarding grain grades, I have concluded after this Fitz-Coulter report and the different documents issued by the department that the people up there would be satisfied with the grade requirements and classifications as they are at present, and I have concluded to withdraw all the bill except the two propositions in regard to moisture and excess foreign material and ask the committee to authorize the chairman to offer this as a substitute:

Moisture shall not be a grading factor and shall not affect the grade numerically, but if in excess of that permitted in grade No. 1, it shall be noted on the grade certificate, specifying the amount.

All foreign material in excess of that permitted in grade No. 1 shall be classed as dockage and shall not affect the grade numerically, but shall be noted on the grade certificate, specifying the kind and quantity thereof.

Now, that simplifies it very much. The department issued several tentative propositions after the Fitz-Coulter report came in. The Secretary of Agriculture called in all the members who were especially interested, including myself, and Mr. Coulter and Mr. Fitz read their reports, and if I recall correctly, the Secretary inquired whether we thought it would be satisfactory, and I, for one, thought that carrying it into effect would give us the relief we sought and would avoid this spread between what the wheat sells for by sample at the

terminal and the grade price, a difference of 20 to 40 cents a bushel, due to the fact that the grade requirements are such that nobody can tell what they are going to get when the wheat is delivered; but when they see the wheat that comes from the country elevator they buy the wheat on its merits, what it is worth for milling purposes, and there is a spread of from 20 to 40 cents, which does not go to the farmer because the farmer gets the grade price.

Mr. TINCHER. I think we understand about that and that we should now hear the Secretary.

Mr. STEENERSON. I simply wanted, with your permission, to explain just what the situation was. I will be brief. Now, the department, after that conference, when Mr. Coulter and Mr. Fitz explained their report, issued some tentative proposition that they based on the Fitz-Coulter report, and they stated, of course—and I have the statements here—that they were not final, but were proposed as a matter of discussion.

Mr. JONES. Mr. Chairman, we have invited the Secretary of Agriculture here, and I assume he is a very busy man, and I think we ought to hear him first and then hear Mr. Steenerson.

The CHAIRMAN. The Secretary asked the question and for that reason I asked Mr. Steenerson to state just what his proposition is.

Mr. STEENERSON. That is just it. These two proposals are asked to be substituted for the propositions which the Secretary finally decided on, which do not change the grades at all, but instruct the inspectors to note on the inspection certificate that the wheat has excessive moisture or excessive foreign material, and then they propose to have a market report service that will indicate to the country elevator the difference between the various kinds of wheat within the same grade, the intention being to reduce the spread.

The CHAIRMAN. We do not want to take up the time of the Secretary unnecessarily.

Mr. STEENERSON. The Secretary, I understood, wanted me to explain what I wanted. I will be very glad to not say a word so far as that is concerned.

#### STATEMENT OF HON. HENRY C. WALLACE, SECRETARY OF AGRICULTURE.

Secretary WALLACE. As I understand it, Mr. Chairman, you want some expression from our department as to this amendment; is that the idea?

The CHAIRMAN. Yes; as suggested by Mr. Steenerson.

Secretary WALLACE. I presume you are familiar with the various circulars we sent out with regard to this matter.

On March 30, after having received the report from Fitz and Coulter and after having called in our various men from the important markets, and after having held a week's conference, we sent out this circular of March 30 as a tentative circular and invited the widest consideration by all the people interested, and it was in consideration of that that we asked the members of this committee to come down and talk with us.

The suggestions made in the circular we sent out on March 30 are in essence the suggestion made in this amendment which is now offered. We had conferences with various people in different parts of the country, at Chicago and at Kansas City.

Mr. McLAUGHLIN of Michigan. Mr. Secretary, may I ask you a question right there?

Secretary WALLACE. Yes.

Mr. McLAUGHLIN of Michigan. You say that the suggestions which were sent out were in line with the provision of the amendment as now offered?

Secretary WALLACE. Yes.

Mr. McLAUGHLIN of Michigan. Do you mean by that that you suggested that this amendment be adopted?

Secretary WALLACE. The amendment was not before us.

Mr. McLAUGHLIN of Michigan. You say that the suggestions which to the people you corresponded with for the purpose of getting their opinion, so that you might determine whether or not this amendment should be adopted?

Secretary WALLACE. You are not speaking of this amendment now, are you?

Mr. McLAUGHLIN of Michigan. This amendment was not before you at that time, as I understand you.

Mr. KINCHELOE. As I understand it, this amendment is the substance of what you sent out.

Secretary WALLACE. Yes. Let me explain that. On the first page of that circular, this was the first suggestion:

Change the moisture content requirements of all the grades of the Federal wheat standards so as to limit to 14 per cent the amount of moisture that may be contained in any grade, and insert a new section in the Federal standards as follows:

Now, this is the tentative suggestion which we offered for consideration:

SEC. 26. Excess-moisture wheat: Excess-moisture wheat shall be all wheat which contains more than 14 per cent of moisture. Excess-moisture wheat shall be graded and designated according to the grade requirements of the standard applicable to such wheat if it were not excess-moisture wheat, and there shall be added to and made a part of its grade designation the words "excess moisture."

In other words, No. 1 excess moisture would mean wheat which was No. 1 except that it does contain a larger percentage of moisture than we have been accepting as No. 1.

Mr. McLAUGHLIN. You use the words "excess moisture" without saying how much excess there is.

Secretary WALLACE. Yes; but the certificate would probably show that.

Now, after going into the matter in these conferences and after giving our very best consideration to it, we reached the conclusion that because of storage difficulties and other mechanical difficulties in the actual handling of the wheat it was not practical to do what we thought it might be practical to do, and as a result we adopted a different policy. We adopted the policy of allowing the grades to stand as they are now but adding to the inspection certificate an explanation of the grade. For example, here is wheat that will grade No. 1 except that it contains excess moisture. We would give that wheat the grade into which it falls under the present grading system, but we would have an explanatory note to the effect that if it were not for the excess moisture the wheat would grade No. 1. I am giving you in a very sketchy way the general theory upon which



we proceeded, and we reached that conclusion after considering the matter from every possible angle.

If you would like to know some of the difficulties we would encounter had we adopted the changes tentatively proposed after considering the report, Doctor Taylor, who gave personal attention to it and who attended these conferences in Chicago and in Kansas City, is here and I would be glad to have him tell you in a brief way the practical difficulties we ran up against.

We finally adopted the policy set forth in our circular of April 17, because that seemed to us to be the practical way to bring about the improvement which we all wanted to bring about in the marketing of the wheat by the farmer at the country elevator point.

Mr. PURNELL. Does that explanatory note show the percentage of moisture or of foreign material?

Secretary WALLACE. Suppose you allow Doctor Taylor to go into that a little more in detail because he is more familiar with it than I am.

Mr. TINCHER. Before you leave this subject of the proposed legislation, as the law is now, you establish the grades for wheat or they are established by the department under authority of law?

Secretary WALLACE. Yes.

Mr. TINCHER. Now, to pass this amendment would be a step toward fixing the grades by law.

Secretary WALLACE. The amendment reads that moisture shall not be a grading factor.

Mr. TINCHER. And that would be the first step by Congress toward fixing grades of wheat by law.

Mr. CLARK. Is not that just what Canada does now; that is, fix the grading of its wheat by law? It has a commission that establishes the grade.

Mr. TINCHER. That may be true, but if we are going into that field, probably it would be a good idea not to confine it to one section. If we are going to have part of one system and part of another, I wondered how that would work in your department. If Congress is going to fix the grades by law, I suppose you would rather they fixed all of them.

Secretary WALLACE. I would, gentlemen. As I told you at the hearing held some time last winter or last fall, we are entirely satisfied that you gentlemen shall fix the grades by law if you decide that is the best thing to do. If you do that, I think they should be definite grades and not leave to the Secretary of Agriculture any discretionary power as to changing them.

In other words, if Congress is going to fix them, I think you should fix them, and that will be entirely satisfactory to us.

Mr. JONES. Mr. Secretary, as I understand it, you can make the changes you suggest without any amendment to the law?

Secretary WALLACE. Yes. The only restriction is that I must give 90 days' notice of the change in the grade.

Mr. TEN EYCK. Mr. Secretary, let me see if I understand the difference between you and Mr. Steenerson. Under the old plan of grading, the wheat was graded not only as regards the wheat itself but you also took into consideration all the foreign material, such as dockage, and also the moisture?

Secretary WALLACE. Yes.

Mr. TEN EYCK. Under your changed plan here you have retained the old way of grading the wheat, but will, in addition, specify the excess amount of moisture, and is it your intention to also specify the percentage of dockage?

Secretary WALLACE. Yes. The thought is that we should say, if it was No. 1 wheat, "This would be No. 1 wheat except that it contains so much moisture, or except for the fact that it contains certain dockage." In other words, the kernel of the wheat itself, we will explain, would be No. 1 or No. 2, or whatever it may be.

Mr. TEN EYCK. In other words, you would take No. 3 wheat that was graded No. 3 on account of dockage and moisture and say, "This is No. 3 wheat, but would be No. 1 wheat provided there was not this dockage and moisture in it"?

Secretary WALLACE. Yes.

Mr. TEN EYCK. And Mr. Steenerson's idea is that if the kernel was examined and found to be No. 1 wheat, he would say that it is No. 1 wheat with 20 per cent of dockage and 15 per cent of moisture?

Secretary WALLACE. Yes.

Mr. TEN EYCK. That is the difference between you?

Secretary WALLACE. Yes; that is the difference between us.

Mr. KINCHELOE. Is this the unanimous opinion of your department and your experts, including the committee you appointed yourself?

Secretary WALLACE. Our final decision, you mean?

Mr. KINCHELOE. Yes.

Secretary WALLACE. Well, I do not know that I could go so far as to say it is unanimous, but I am not sure it is not unanimous. It does represent the very best judgment of the department.

Mr. KINCHELOE. That is what I wanted to know.

Secretary WALLACE. And I may say also that in putting forth the tentative suggestions, which involve the same proposition as is involved in this amendment, offered by Mr. Steenerson, there was objection on the part of a number of our specialists against putting forth those tentative suggestions; that is, their judgment was against it.

Mr. KINCHELOE. If I understand you, then, in view of the decision of your department about this matter, with the changes you suggest and the explanatory tag, you and the others associated with you in the department do not think there is any necessity for the enactment of the Steenerson bill?

Secretary WALLACE. I will be quite frank to say that I think the decision we finally reached is the wisest decision we could reach on the matter, and I think under a fair trial it will enable us to make real progress in correcting some of the evils—if we may call them that, and I think they are evils—that to-day exist in the spring-wheat territory. It involves with it an educational campaign; that is, sending out daily reports of the market; and an educational campaign to get the farmers to understand what their wheat is actually worth, so that they will know better whether they are getting the full value of it.

Mr. TEN EYCK. Mr. Secretary, there was a statement made here with reference to this bill, by some one a day or two ago, that the men whom you sent out into the field to make a report on this matter, did report in favor of the Steenerson idea; is that the fact?

Secretary WALLACE. Yes; they did, and those suggestions crystallized into the proposed grades you will find in our circular of March 4, 1922.

The CHAIRMAN. What is the serious objection to grading and classing it just exactly what it is?

Secretary WALLACE. That would involve a rather long discussion, Mr. Chairman. Suppose we let Doctor Taylor tell you about the practical difficulties we found in undertaking to put the suggestions into effect?

Mr. STEENERSON. Mr. Secretary, may I ask you a question? In case the experience you have under this new plan of grading the wheat according to present standards, but explaining that it would otherwise be No. 1, etc., and this educational campaign in regard to prices, does not accomplish the end in view after an experience of one season, do you think you would then be willing to try this other plan?

Secretary WALLACE. Our minds are continually open on this question and we are trying to do just what you gentlemen are trying to do.

Mr. STEENERSON. What we are trying to do is to have the actual milling value of the wheat reflected back to the farmer.

Secretary WALLACE. And you are no more interested in that than we are, gentlemen.

Mr. STEENERSON. I concede that; but we can also see that it is a great injustice to the farmer, who now sells by grade at the local point, when it goes to the market to have it bring 20 or 40 cents more a bushel, and that is what we are trying to accomplish by this new method.

Secretary WALLACE. And that is what we are trying to accomplish.

Mr. STEENERSON. And your contention is that that plan should be tried out to see whether it would accomplish the result of reflecting the difference in price back to the farmer, and then if it does not—

Secretary WALLACE (interposing). Then we will try something else.

Mr. STEENERSON. And I would like for you to try my method.

Mr. NEWTON. Mr. Chairman, I would like to ask the Secretary just one question. I am wondering just what the practical difference is between your method and that proposed by Mr. Steenerson. As I understand it, he would grade wheat that was otherwise No. 1 as No. 1 wheat, but would specify so much moisture and so much dockage, while you would grade the wheat as No. 2, but otherwise No. 1, because of moisture. Now, what is the practical effect of the difference?

Secretary WALLACE. It brings us into difficulties in the practical handling of the wheat, in the matter of storage, and so on. Doctor Taylor can explain all that to you.

Mr. NEWTON. I would like to have him explain that.

Secretary WALLACE. He can explain that to you, Mr. Newton.

Mr. TEN EYCK. I would like to ask you a question, Mr. Secretary. If you stamp the wheat as No. 3 when the kernel is No. 1 and then commence to explain that it otherwise would be No. 1, does that do justice to the No. 1 wheat, because you first condemn it as No. 3 and then say it is No. 1 wheat, but so and so is the reason why you have graded it No. 3?

Mr. NEWTON. Does the grade apply only to the kernel?

Mr. CLAGUE. Mr. Newton, I brought up here samples of No. 1, No. 2, No. 3, No. 4, and No. 5, and I would like to have Doctor Taylor show just how it would be graded under these rules.

Mr. STEENERSON. I would just like to remind the gentlemen that under my plan the grade requirements as to moisture of each grade would be the same, and therefore it would raise the standard so far as No. 2, No. 3, No. 4, and No. 5 are concerned, but under the Secretary's proposition the lower grades would be permitted to carry 15 or 16 per cent moisture. But under the Secretary's proposition the lower grades would be permitted to carry 15 or 16 per cent moisture, which is so large that poor wheat, especially, is not storable, and therefore the grade price or the contract price is now very much lower; although, according to the statistics of Minnesota last year, there was only 1 in 1,000 cars of wheat that was above 14 per cent moisture, yet the fact that you could deliver moist wheat in those lower grades reduced the grade price that the farmer got, and that is the very important difference between the proposition of the department that they are now putting forth and my plan.

**STATEMENT OF DR. HENRY C. TAYLOR, CHIEF, BUREAU OF  
MARKETS AND CROP ESTIMATES.**

The CHAIRMAN. Doctor Taylor, we will be pleased to hear from you.

Doctor TAYLOR. Mr. Chairman, I want to be perfectly clear; first, that the proposition that Mr. Steenerson has here is exactly the same as the Fitz-Coulter proposition. As I understand the Fitz-Coulter proposition, there might be three No. 1's. There would be No. 1 straight like this wheat [indicating] and then there could be No. 1 excess moisture, and then we have here before us a sample of wheat that is graded No. 5 because of the kinghead in it, which would be a third No. 1. As I understand the Fitz-Coulter proposition, and I want to be sure that it is the same as your proposition, this sample now graded No. 5 would be graded No. 1. Would it be deliverable as No. 1 on contracts or would it be segregated from regular No. 1 and be another No. 1, which would be No. 1, excess foreign material?

Mr. STEENERSON. What is the matter with that wheat?

Doctor TAYLOR. It has over 3 per cent kinghead in it.

Mr. STEENERSON. And is reduced to grade 5 by reason of foreign material?

Doctor TAYLOR. Yes.

Mr. STEENERSON. Under my proposition that would be graded No. 1 but the amount and kind and quantity of foreign material would be shown on the statement.

Mr. JONES. He asked would it be deliverable on contracts.

Mr. STEENERSON. No; certainly not, because a man would not contract blindly. He would say, "I want a million bushels of straight No. 1," or the rules of the chamber of commerce would specify that, or the law of contracts for No. 1 would mean No. 1 without any fault, straight No. 1, and that would be taken care of in the ordinary course of business.

Doctor TAYLOR. Then there would be three No. 1's, the straight No. 1, No. 1 excess foreign material, and No. 1 excess moisture, and we would have three times as many numerical grades as we have now.

Mr. STEENERSON. When those three grades come to Minneapolis they are all No. 1, but one has too much moisture and the other has not, and the other has too much foreign material and the other has not, but they mix those three cars and you have No. 3.

Doctor TAYLOR. That brings up immediately the difficulty the committee faced in putting forward the Fitz-Coulter plan. We would have going into Minneapolis this No. 1 that is clean, the No. 1 that has excess foreign material, and the No. 1 that has excess moisture; and in the public warehouses we can not mix them, that is, they must be dealt in and kept separate in the public warehouses.

Mr. STEENERSON. The gentleman ought to know that these cars coming from the country are sold on sample on the board of trade, and they do not mix them unless they want to mix them for their own benefit, and there is no reason why we should put those cars of wheat into the same bin.

Doctor TAYLOR. No; that is just the point.

Mr. STEENERSON. And the car of wheat is sold before it ever goes into another warehouse in ninety cases out of a hundred.

Doctor TAYLOR. The information we have at present is that there are no storehouse facilities for keeping all of these grades separate.

Mr. STEENERSON. Where? At the terminal?

Doctor TAYLOR. At the terminals, yes. That is the information we have.

Mr. STEENERSON. The department has no concern with that. The man buys the wheat and does with it what he pleases.

Doctor TAYLOR. But the department—

Mr. STEENERSON (continuing). The wheat is sold on the board of trade and it is not put in a warehouse unless the man who buys the wheat wants to put it there for mixing purposes, and that is where they make that 25 or 40 cents a bushel.

Doctor TAYLOR. But what they put in has to be taken out of the same grade as the grade it goes in.

Our understanding is that if we make these separate grades we will have three times as many numerical grades that will have to be taken care of. Furthermore, the Fitz-Coulter plan is applied to wheat throughout the United States and to all grades of wheat and not simply to the northern spring wheat.

Mr. STEENERSON. But my amendment limits it to spring wheat.

Mr. KINCHELOE. Mr. Chairman, I thought the purpose of this meeting was to get the ideas of the Department of Agriculture, and I think they could present their ideas better if they were allowed to proceed in their own way, and then, if Mr. Steenerson wants to contradict them in any way, let him do that afterwards.

The CHAIRMAN. Will you prefer to make your statement in your own way before questions are asked you?

Doctor TAYLOR. Yes; but I wanted to be sure that you are proposing the Fitz-Coulter plan which, as I understand it, is very different from the original bill. As I understand it, you did not intend to make separate grades in the first instance.

Mr. STEENERSON. The propositions are substantially the same as in my original bill. The idea of different grades is taken care of by

the parties that buy. They can say that they do not want excess moisture, and it can be taken care of in that way. That is a perfectly practical plan under my original proposition.

Doctor TAYLOR. We found very considerable objection to the plan not only by those in other regions but those in the Northwest. We have a statement from Mr. Jacobson, of Minnesota, in which he strenuously objects to the Fitz-Coulter plan as set forward and the facts that developed with regard to warehousing difficulties and the belief on our part that the trade would discriminate against this No. 1 excess moisture and No. 1 excess foreign material, and that they would probably sell for very much less under this plan for a year or two at least, while the trade was getting used to it. Keeping in mind all the time that the thing we were trying to do was to reflect back to the farmer the milling value of the wheat, we conceived of the plan that has been proposed by the Department of Agriculture of not changing the grades, but changing the rules so that every certificate will carry specifically the cause of grading down. For instance, this particular sample here [indicating] will be graded just as it has been graded. Because of the great quantity of kinghead it will be graded No. 5, but it will be stated on the certificate that it weighs 60 pounds to the bushel, and that aside from the 3.1 per cent kinghead, it is otherwise No. 1. Those facts will be shown on the certificate. What we want to do is to reflect back to the farmer the price at which the product will sell on the cash market in Minneapolis, so we are organizing at this time a system of price information. Our men will be on the Minneapolis market and will know exactly what this kind of wheat sells for and will get that information back to the farmer and to the local dealer so that wheat that will weigh 60 pounds but contains 3.1 per cent kinghead will be bought locally on the basis of what it will sell for in Minneapolis. In other words, price quotations by groups within grades is essentially the thing we are planning.

Mr. STEENERSON. Will you repeat that, please?

Doctor TAYLOR. Price quotation by groups within grades.

Mr. GERNERD. Explain that please.

Doctor TAYLOR. By that we mean that there will be No. 5 wheat with a price quotation on it. Then there will be No. 5 with 3.1 per cent kinghead, otherwise No. 1, with a price quotation on that. Then there will be No. 3 with  $1\frac{1}{2}$  per cent wild peas, otherwise No. 1, and a price quotation on that, so that we will have a basis for reflecting back to the local dealer and the farmer the price that the millers are willing to pay in the cash market in Minneapolis for this wheat as a basis for the local transaction.

Secretary WALLACE. Just explain how that will work. There would be a difference in the price, for example, of No. 3, otherwise No. 1, except for wild peas, and No. 3, otherwise No. 1, except for excess moisture. They would sell for a different price, and this plan would enable the farmer who gets these quotations—and we are going to make it our business to see that the quotations are widely disseminated—when he goes to the elevator and the elevator man says, "Your wheat grades No. 3," to reply, "Hold on, that is No. 3 simply because there is so much wild peas in it, and that wheat is being quoted at so much more than No. 3." Our proposition is an affirmative one and we are trying to pull it up all the time.

Doctor TAYLOR. The department recognizes the difficulty that Mr. Steenerson is trying to remedy, the wide range in the price of No. 3, for instance, in the cash market, and the flat price out in the country. Now, by getting quotations within grades, for instance, within grade No. 3, we can tell the farmer and the local dealer what the different kinds of No. 3 are selling for and we believe we can develop the local buying on the basis of the difference in the quality.

Mr. PURNELL. Just how will you work out the market value of these various grades and groups and how will you disseminate that knowledge to the farmer?

Doctor TAYLOR. As the grain goes onto the floor in the cash market there is a ticket showing how that wheat is graded and its weight. If it grades No. 3, the occasion of its grading No. 3 is given. And if it has excess moisture, say it has moisture 15 per cent, then that is put on the ticket. Or if it has wild peas or kinghead that is put on the ticket. And if it were otherwise No. 2 or No. 1, that will be stated on the certificate; kinghead a certain amount, otherwise No. 1.

Then we will follow that wheat and find what it sells for, and on the basis of what this wheat actually sells for we will make up our quotations and send them into the country.

Mr. TEN EYCK. Well, is there a No. 2 wheat graded and a No. 3 wheat graded?

Doctor TAYLOR. Yes.

Mr. TEN EYCK. No. 2 and No. 3, for other reasons than for foreign material?

Doctor TAYLOR. Yes; very much.

Mr. TEN EYCK. What would you mark those?

Doctor TAYLOR. Just leave them as they are at the present time.

Mr. TEN EYCK. You would not make any notation on your card at all? Just leave them as they are.

Doctor TAYLOR. Put the notation on of the occasion for grading down, but moisture and foreign material other than dockage are the two particular things we are attempting to remedy at the present time, in accordance with Mr. Steenerson's desire.

Mr. JACOWAY. This is a change in regulation by law, this change of Mr. Steenerson's, is it not?

Doctor TAYLOR. He is suggesting a change.

Mr. JACOWAY. Now, I want to ask you this: In this change will the farmer understand the modus operandi, the way the thing is operating, or will it be blank to him, or will he know when he is bringing in wheat what the grade is, or can he himself get at it?

Doctor TAYLOR. You mean the plan we are proposing?

Mr. JACOWAY. Yes.

Doctor TAYLOR. That is the third stage we are coming to. We are talking about the department plan now. First is to get the information so we will know what the grain sells for on the basis of its description by groups within grades. That is the first step. And the second step is to disseminate this information in regard to price in the country to farmers and to local dealers.

Mr. JACOWAY. Now, right there. When you disseminate this knowledge, is it a complex proposition? Does the raiser of wheat know where he is at?

Doctor TAYLOR. In each particular case it is relatively simple. In this particular case it is weighing the wheat, taking out the king-heads and weighing them and finding out the percentage of king-heads by weight.

Mr. JACOWAY. Well now, will that inure to the benefit of the fellow that raises the wheat?

Doctor TAYLOR. Yes.

Mr. JACOWAY. Yes. Now, you take cotton, Mr. Taylor, for instance. There are a number of grades of cotton. I do not believe there is one man in a hundred in the 812 cotton-growing counties in the South that can tell what grade of cotton he is offering to the market, because he does not know; he has not the experience yet, he has not the judgment. Now, I want to ask you if that is not the condition of affairs relative to the man who grows wheat?

Doctor TAYLOR. Yes. And that is the reason that No. 3, in our program, which is—

Mr. JACOWAY (interposing). Just right there now. Then, in other words, you are bringing into play a grader of wheat who is a United States official, who has no interest either in the sale or the purchase of wheat. Is that it?

Doctor TAYLOR. Yes.

Mr. JACOWAY. In other words, he is an official grader.

Doctor TAYLOR. Yes.

Mr. JACOWAY. Is that the idea?

Doctor TAYLOR. Well, that is being done at the present time. The graders may be State of Minnesota graders, but they are licensed by the Federal Government and are operating under the supervision of the Federal Government.

Mr. JACOWAY. Now, does that cover all the wheat-growing sections of this country?

Doctor TAYLOR. Yes; that covers all the wheat-growing sections of this country.

Mr. JACOWAY. Now, right there. Do you not think that would be a fine idea to establish in the South where people raise cotton, so that they will have an official grader of their cotton?

Doctor TAYLOR. I think that if every man could know when he sells his cotton what it is before he sells it, so that he can sell it on the basis of quality, it would be a splendid thing, so that the man who grows good cotton will get the price of good cotton, and the man that grows poor cotton will get all that it is worth, and no more.

Mr. JACOWAY. Do you think it would be advisable for the Federal Government to have an official grader in every capital city in the South, in those States where they raise cotton?

Doctor TAYLOR. Well, the practical way in which that has been worked out recently is where they are marketing cooperatively, and they are sending their cotton in to central points and there it is graded, and the man is paid for his cotton on the basis of its quality.

Mr. JACOWAY. I have always had an idea of introducing a bill to the effect that in every one of the States, or the 812 cotton-growing counties of those States, there should be an official grader of cotton, and any man can send in his samples and ask that official grader, who is not interested either in the purchase or the sale of it, "What is the class of cotton I have here for the market?" and then let that



official grader send back to him the official grades of that cotton. Now, I want to ask you, do you not think that in a great measure would solve the problem of marketing the cotton of the South?

Doctor TAYLOR. To the extent that that were followed up it would give a basis of selling the cotton for what it is worth, instead of letting the local buyer buy cotton of various grades at the same price.

Mr. JACOWAY. Well, I don't want to take up all the time on cotton, so I will not ask any further questions along that line.

Doctor TAYLOR. The next step then after getting this information, disseminating the information with regard to prices by groups within grades, is the educational campaign, which is necessary, so that the farmers may know their own wheat. The farmer who brings a load of wheat to town and does not know anything about where it grades, is not in a strong position to sell it for what it is worth, so it is proposed in connection with the regular existing forces of the States, in cooperation with the Federal Government, to put on a "Know-your-own-wheat" campaign, as a basis to help the farmer to get the milling value of his wheat, and we believe this plan, this change in the rules, will give the basis for the news service and this educational campaign, which will tend to reflect the milling value of wheat back to the farmer.

Mr. JACOWAY. Just one question. In other words, is not this plan to market this wheat on the same basis that the people of Kentucky have got to find out what the grade of tobacco is? Are you familiar with that cooperative selling of tobacco?

Doctor TAYLOR. I have not gone into details, no.

Mr. KINCHELOE. That is true, except they are not under Government supervision. That is what our organization is trying to bring in now.

Mr. JACOWAY. But you have an expert grader?

Mr. KINCHELOE. Yes.

Mr. TINCHER. Mr. Taylor, referring back to wheat. As I understand, you favor the department's plan for handling this, over Mr. Steenerson's plan?

Doctor TAYLOR. Yes, sir.

Mr. TINCHER. He proposes to establish several No. 1 wheat grades—No. 1 moisture, and No. 1 with foreign material, and No. 1 clean—and your idea is to grade the wheat as it now is, and to show what it is, and to furnish a market report of it, and as I understood when you began your statement you said that to establish these several No. 1's would probably for a number of years be injurious to the producer.

Doctor TAYLOR. Yes, sir.

Mr. TINCHER. For that reason you worked out this other plan and favor it.

Doctor TAYLOR. Yes, sir. In the meantime we will learn a very great deal more about this whole situation, because we are going to have a record on the amount of the excess foreign material wheat, and the excess moisture wheat that comes in, and we are proceeding at once to make a further study of the whole warehousing situation.

Mr. SINCLAIR. Mr. Taylor, will you explain what the difference will be to the farmer as to whether you have different prices within grades, or call it a different grade? It will not make any difference to him, will it?

Doctor TAYLOR. My opinion is that this will bring exactly the same effect to the farmer as if we made these other changes and then put on the same campaign that we are planning to put on, and this same campaign would be necessary anyway.

Mr. TINCER. Well, the history of grain grading has been—I think it is fair to state this—that the more grades you have the more unfortunate it was for the producer of grain, and since I have been in Congress it has been our fight to get you to abolish the number of grades. For instance, during the war when Mr. Barnes had jurisdiction, and they had that man from the South in here that fixed the grain grades, we had as many of them as you had on cotton, and more, and we had to fight then to get the number of grades reduced. Every time it was increased the producer paid for it. That has been our experience.

Mr. TEN EyCK. Doctor Taylor, will you explain what objection to the Steenerson plan the elevator men and the mill men have?

Doctor TAYLOR. The mill men quite generally would say, "Go ahead. Fine." Because then they would buy the clean wheat and steer entirely clear from the other, and if we had had no interest in anything but the clean wheat and had no interest whatever in taking care of those groups of people who have other kinds of wheat, and were perfectly willing that the people who have the seedy wheat and the moist wheat should find their wheat coming in and no pigeonholes for it in the warehouses, and find them in a position where they might have to take very much less than it was worth after it was hospitalized, we might have gone ahead on this original plan.

But we thought of this: Suppose next year turns out to be a year when there is a great deal of moist wheat and it commences to come in; the mills are interested in taking these other grades, but they are not interested in taking this that has excess of anything. Where is it going? If it is going into the public warehouses, it has to be taken in by the designated grades and be kept separate from the others, and until we have studied the whole warehousing situation and the hospitaling situation and can see how that is going to be handled, we see that it might be handled next year with a very great loss to the farmers of the Northwest. To commence with, these No. 1 excess moisture and No. 1 excess foreign material wheats would be put into new grades without any standing in the market, and the objections of Mr. Jacobson and others in the Northwest were that there was no bottom to it; that they essentially went into sample grades. And if we had no interest in anything except this one thing of providing the best possible arrangement for clean, dry wheat and letting the other fellow go to the devil we would probably have accepted the Fitz-Coulter proposition and put it through.

Mr. TEN EyCK. In other words, you believe we ought to go part way first?

Doctor TAYLOR. Yes.

Mr. TEN EyCK. And after we have educated the people with regard to foreign material and moisture that you may be able to come to a point where you may really be able to grade.

Doctor TAYLOR. Yes. And think what would then happen to those people in the regions where they have kingheads, and in the sections

where they have wild peas, regardless of the weather situation, and then what would happen to people in other sections in case it turned out to be a moist threshing period.

Mr. SINCLAIR. I wish you would explain how this new plan would affect my district. We do not raise any foreign material in our wheat at all. It is all separable material that is in there. I do not remember ever finding any moisture in any wheat that is raised there, and yet the price is fixed from the Twin Cities upon the basis of the kind of wheat that Steenerson is raising over here, with moisture and foreign material in it, and we get the bottom price—that is, the price card that is fixed is the bottom price, notwithstanding the fact that we have a superior quality of wheat. Now, how are you going to correct that injustice?

Doctor TAYLOR. Our quotation of prices by groups within grades is what we believe will take care of you.

Mr. JONES. In other words, his will take the highest point in a particular grade.

Doctor TAYLOR. Yes; if your's grades No. 1 and is clean it is pretty hard to do anything more for you, is it not?

Mr. SINCLAIR. Yet our elevators are buying on a card system that is practically the same all over.

Doctor TAYLOR. That is, the same for each grade.

Mr. SINCLAIR. It is based, as the evidence before this committee shows, on the following. The card system that is sent out, and the price in the country elevators, is based on the lowest price for No. 1 wheat that was sold on a certain date. Well, that No. 1 wheat was this wheat filled with foreign material, and that was moist, and the poorest quality of No. 1 wheat that is imaginable, and that is the price that is reflected out to the local elevator in our district, and our farmers have to sell on that basis. Now it ought to be raised at least 10 cents a bushel, and then 20 cents.

Doctor TAYLOR. We are trying to reflect the price within grades, so the farmer may know, and the local people may know.

Mr. JACOWAY. Could you not say this whole proceeding is what might be termed a standardization bill for wheat?

Doctor TAYLOR. Well, of course, a standardization bill for wheat was passed several years ago, and is in effect.

Mr. JACOWAY. But is this not a perfecting of it?

Doctor TAYLOR. This is a means of improving our price quotation so that you will not have to sell on the basis of the card, but on the basis of the quotation of the cash market into which you are sending your wheat.

Mr. SINCLAIR. You understand, of course, that our farmers out there know that if they could ship a carload of wheat to Minneapolis, they would make 15 to 20 cents a bushel on it. But it is impossible for them to ship it; they can not get the cars; they can not load them within the time required, and they have not, usually, the facilities for handling it, and they have got to run it into the elevator as they thresh, and get rid of it that way. That is the problem that I am trying to solve in this proposition.

Mr. JACOWAY. Well, I do not think you understood my question. Are you not trying to create a definite standard here for the purchase of wheat?

Doctor TAYLOR. Yes; we are trying to get a basis for the transaction at the local elevator. That is what we are trying to do.

Mr. JACOWAY. You have not had that thing in such perfection in the past.

Doctor TAYLOR. No, sir; that has not been developed.

Mr. JACOWAY. And therefore the result is that the man who raises wheat has lost.

Doctor TAYLOR. The man who had No. 3 wheat of high quality sold it for the same as the man that raised No. 3 wheat of low quality.

Mr. JACOWAY. Then, the man that raised the wheat lost under that system.

Doctor TAYLOR. Yes.

Mr. JACOWAY. And under this plan the man who raises good wheat gains.

Doctor TAYLOR. The man who raises good wheat, the better wheat, will gain under the new system, and the man who produces the lower grade will probably lose under this system.

Mr. JACOWAY. Then the man who raises good wheat under these new regulations will gain.

Doctor TAYLOR. That is the attempt.

Mr. JACOWAY. That is the object?

Doctor TAYLOR. Yes; the effort is to reflect back the milling value of the wheat, as shown on the cash market, to the farmer who produced it.

Mr. JACOWAY. And you think, do you, that this regulation will do that?

Doctor TAYLOR. We believe this is the best plan that has yet been drawn up for doing that thing.

Mr. JONES. You do not believe that our plan will interfere with the grades being delivered on the contract market?

Doctor TAYLOR. No, sir; it will not affect it whatever, and will not affect the storage problem.

Mr. KINCHELOE. You said awhile ago that this wheat was graded under Government supervision.

Doctor TAYLOR. Yes.

Mr. KINCHELOE. When is it graded? Before it leaves the hands of the farmer?

Doctor TAYLOR. No; when it arrives at the central market, that is when it is finally graded.

Mr. KINCHELOE. Now I understood that if this would be grade No. 1, with  $3\frac{1}{16}$  kinghead [indicating sample of wheat]—

Doctor TAYLOR. Yes.

Mr. KINCHELOE (continuing). That the farmer is not apprised of fact that while it is in his possession?

Doctor TAYLOR. That is one of the things we are proposing to do, an educational "know-your-own-wheat" campaign; telling the farmer how to know his own wheat, as a basis of knowing what it should sell for.

Mr. KINCHELOE. Suppose I am a farmer that raises this wheat, and I am apprised of the fact through your educational system that you propose, that this is No. 1 with  $3\frac{1}{16}$  kinghead in it. Now right there, has the farmer any mechanical device by which he can get the rest of the kinghead out of there?

Doctor TAYLOR. No, sir; the farmer has not. That is one of the things we are working on.

Secretary WALLACE. Let me say this, gentlemen. This appeals to me in this way: The essential difference between the two plans is that one is an affirmative plan, and the other is a negative plan. Under this proposed amendment it is a negative plan in that it lowers the grade of your No. 1 or No. 2 or No. 3. The other is an affirmative plan because it raises the grade of the No. 5 or No. 4 or No. 3 or No. 2 by saying this would be No. 1 "except for," and constantly pulling them up.

Mr. SINCLAIR. This is preferable if it will work out.

Secretary WALLACE. Yes.

Mr. CLAGUE. I disagree with you. I think you are going on the negative plan. There are both of those wheats there [indicating samples]. Both weigh 60 pounds to the bushel. In this No. 5 the kernel is just as good as this No. 1, but it has the kingheads in it. Now, under Mr. Steenerson's plan that is graded No. 1, but it is stated on the certificate " $3\frac{1}{6}$  per cent of foreign material." It is graded No. 1. Now that [indicating sample] is just as good a milling wheat as this is [indicating another sample], and we know that the mills and the elevators reduce that, take out that kinghead with very little trouble. Now the farmer, in my opinion, under the Steenerson plan would get the benefit of this affirmative instead of the negative. Now you put it down to the No. 5 and it stays there in price, that is what I am afraid of.

Mr. STEENERSON. That is sold in competition with wheat that contains 16 per cent moisture.

The CHAIRMAN. Now, Doctor Taylor, isn't it practically agreed that we have gone as far as it is humanly possible to establish a grade that will correctly indicate or reflect the milling value of wheat?

Doctor TAYLOR. I do not understand. So far as the question of gluten is concerned—

The CHAIRMAN. No, the grades as they are established—

Doctor TAYLOR. We have gone as far as we believe it is possible to go at the present time in the interest of the farmer.

The CHAIRMAN. Wheat graded down to No. 3 often sells above the price of the No. 1?

Doctor TAYLOR. Yes.

The CHAIRMAN. Which would indicate that the grade does not indicate the milling value.

Doctor TAYLOR. Yes.

The CHAIRMAN. That can not be overcome. I am not raising an argument. That has been admitted. It resolves itself into this—either selling by sample or by certificate, does it not?

Doctor TAYLOR. Yes.

The CHAIRMAN. And practically all of it is sold by sample. I am trying to get at what the situation is. Practically all that is sold is sold on sample?

Doctor TAYLOR. To reflect completely the milling value of every carload of wheat would take very many more grades than this committee or the department would ever think of creating.

The CHAIRMAN. Yes. Now then we get down to either the certificate or the sample itself. Now then, if we grade No. 1 wheat as

No. 3, and then indicate in this certificate that the wheat is No. 1, but it has graded No. 3, we have graded it No. 3 because it contains excess moisture, or foreign material, the question is: How would that affect the sale of that wheat? I am not clear just what the reason is for changing that. Why not call a spade a spade? Here is a piece of silver, a quarter of a dollar; why should that be graded as copper? Why should some one say that that is copper?

Doctor TAYLOR. Nobody would say that it is copper.

The CHAIRMAN. But that is what you propose to do.

Doctor TAYLOR. But it might have a Canadian stamp on it.

The CHAIRMAN. And still be silver.

Doctor TAYLOR. And still be silver, yes, but still not sell for as much.

The CHAIRMAN. But it might be mixed with gold and be called copper or something else, but more than 50 per cent of it is silver. Now the wheat is No. 1, nobody disputes that, because you are going to certify to that, but you say it is No. 3 because it contains a little excess moisture. That statement is fair. But would it not be better to grade it as No. 1 and state that it contains excessive moisture or foreign matter? That is the only question involved, as I understand it, here.

Doctor TAYLOR. And then call it No. 1, and have it deliverable on contract as No. 1?

The CHAIRMAN. No, that is a different thing. The first thing is the certificate of grade. The next thing is a contract. Everyone must take care of his own contract. If I make a contract it is up to me to make the right kind of a contract, the exchanges, the grain buyers, and the millers will look after that. It is not for us to write contracts for them. The only question here involved is: How shall that No. 1 wheat be graded? Shall it be graded as No. 1 or some other grade? It seems to me that it should be graded and called by its right name.

Secretary WALLACE. Well, you take your illustration of the silver, Mr. Chairman. The difference is that you have got a government back of that that makes that worth so much. Now if you bring in a lot of other lower grades of wheat and call them No. 1, there is no way of enforcing it. People will not pay for them.

Mr. CLARKE. And would not the indirect effect of that be to lower the amount that the farmer would get in the long run?

Secretary WALLACE. Yes.

The CHAIRMAN. I am not taking issue, but I am asking why that is being done. I assume there is something in the trade that makes it necessary.

Doctor TAYLOR. Yes. In either case it would be necessary to develop a market and the established market price quotation for this particular sample of wheat. Whether that news service and the habit of buying this excess foreign material wheat is developed under the title of No. 1, or under the title of No. 3 or No. 4 or No. 5, whichever case it is, in either case you have to develop your quotation system and your habit of buying that group of wheat, whether it is a grade or a group. You have the same problem. With Mr. Steenerson's plan it is necessary to see through your outlet for three times as many grades as with this system that is being proposed. We believe that

so far as the problem of reflecting the milling value of wheat back to the farmer is concerned, that the department proposition will go just as far and do just as much good as the other proposition.

The CHAIRMAN. But still you have the same trouble that you have here. For instance, June 15, 16, 17, and 18, 1921, 15 cars of No. 3 sold as high as \$1.75, and 15 cars of No. 1 sold as low as \$1.62.

Doctor TAYLOR. Exactly.

The CHAIRMAN. Is there any way of overcoming that?

Doctor TAYLOR. To the extent that that is due to differences such as moisture and foreign material, other than dockage, our present plan will overcome that and give separate price quotations.

The CHAIRMAN. Exactly.

Doctor TAYLOR. To the extent that it is due to differences in gluten content we do not yet have developed—

The CHAIRMAN (interposing). But you have improved upon that, because the certificates note the foreign matter.

Doctor TAYLOR. Yes.

The CHAIRMAN. And it is the value of the foreign matter that should be taken into consideration.

Doctor TAYLOR. Yes.

The CHAIRMAN. I think that is very important. But there is one thing that I am not clear on, and that is as to just why you call something by some different name than what it is. Now, there is some good reason for it. I am not taking issue here on that, but I am not clear on it.

Doctor TAYLOR. We proceed to call it by the same name that it has been called by in the past.

The CHAIRMAN. But it is not its real name.

Doctor TAYLOR. There are various bases of grading. Sometimes by the foreign material in the thing, and sometimes by the character of the thing itself. Cotton is graded largely on the basis of foreign material in it.

The CHAIRMAN. One suggestion was made by a practical man and a miller, who said: If you grade No. 1 wheat with excess moisture you suggest that I pay No. 1 price for water.

Doctor TAYLOR. Yes.

Mr. TEN EYCK. Mr. Chairman, it seems to me that they both give practically the same information. The viewpoint of Mr. Steenerson is that he grades by kernel and gives the information, and this scheme grades by the foreign matter—

Doctor TAYLOR (interposing). And the kernel.

Mr. TEN EYCK (continuing). And the kernel, and gives the information. Now, that is the thing that we have got to decide, however; whether we want to grade by the kernel entirely, and give all the information, or whether we would want to grade by the foreign matter and give all the information.

The CHAIRMAN. The foreign matter is taken care of in their grading.

Mr. TEN EYCK. No. The foreign matter is what makes the No. 5 grade to-day. Isn't that the idea?

Mr. SINCLAIR. Fundamentally the present standard of grading is wrong from this fact. You grade wheat and you grade foreign material. You have 60 pounds of wheat and foreign material. You

pay the man for 3 pounds of foreign material and 57 pounds of wheat and call it No. 3 wheat. You are paying him for foreign material. Now, if it should develop that this foreign material was separable; that is, down to such a degree that it would not be appreciable in the wheat, then would it not be the next step for the improving of the grades to eliminate it as a grading factor, and call it just simply dockage, as it really is?

Doctor TAYLOR. This grain would go right into the upper grades, then, and there would not be any difficulty.

Mr. SINCLAIR. This grain would go into the upper grades then.

Doctor TAYLOR. The department is giving a very great deal of attention to the question of getting this foreign material out.

Mr. SINCLAIR. It seems to me that is the logical step to take to settle the difficulty.

Doctor TAYLOR. Yes.

Mr. SINCLAIR. At the present time you are asking the miller to pay for something that he can not use.

Mr. KINCHELOE. But does not that reflect in the price he pays for the wheat?

Mr. SINCLAIR. Yes.

Mr. JONES. Will the ordinary little fan used on the farm take this out?

Doctor TAYLOR. No.

Mr. SINCLAIR. The ordinary little fan used on the farm will not take it out.

Mr. JONES. It will not?

Mr. SINCLAIR. No. The big spiral does take it out.

Doctor TAYLOR. The big spiral takes out certain kinds of foreign material, and the disk system they are developing takes out other material. Different things require different systems. Floating will take kingheads out.

Mr. SINCLAIR. Millers take it out at an expense of less than 5 cents a bushel, and they penalize the farmer 20 cents a bushel.

Mr. GERNERD. That is not right.

Mr. SINCLAIR. No; that is not right.

Doctor TAYLOR. They can buy this wheat on the Minneapolis market, and we will quote back to the farmer what this wheat sold at as a basis of buying at the local market, so that the farmer can sell his 60-pound kinghead wheat on the basis of the cash market.

Now, I want to say this for Mr. Steenerson. We are not unsympathetic toward Mr. Steenerson's point of view.

Mr. SINCLAIR. We realize that. All the wheat men have that feeling toward the department.

The CHAIRMAN. Yes.

Doctor TAYLOR. This is what we believe to be the first practical step toward the solution of the problem that Mr. Steenerson has brought to your committee.

Mr. JACOWAY. Mr. Taylor, I want to ask you this question, and I address it to the Secretary too: Would it be going too far in your regulations to say that the grade of the wheat as found by the inspector should be prima facie evidence of the grade of that wheat?

Doctor TAYLOR. Well, it is, unless there is an appeal.

Mr. JACOWAY. It is not so written in the law.



Doctor TAYLOR. There are opportunities for appeal, you understand.

Mr. JACOWAY. Yes; but why would it not be well to write in there that the finding of the official graders should be the final grade of that wheat?

Doctor TAYLOR. That is in there now. That is already in.

Mr. VOIGT. Let me ask you this question: Here is a farmer in North Dakota that hauls his wheat directly from the fields to the elevator. He looks in his newspaper and gets a price quotation on the quality of the wheat that he thinks he has. When he gets to the elevator with that wheat the elevator man tells him that is a lower grade wheat. Now, is there any way by which that farmer can have a sample taken of that wheat and ship it to the chief inspector to rectify the error?

Doctor TAYLOR. That is a part of this plan, to provide for places where samples can be sent in and graded, as well as teaching them how to make the tests themselves. There are some relatively inexpensive equipments that can be gotten.

Mr. VOIGT. Then, if I understand you, you propose a regulation whereby any individual farmer, who is not satisfied with the grading of the elevator man, can take a sample of his grain and ship it to an inspector and have it properly graded?

Doctor TAYLOR. Yes.

Secretary WALLACE. Here is the approach the department is making to this whole thing: First, the establishment of grades according to the very best judgment of the very best men we can find anywhere. Then, second, the grading and indicating on the certificate what the wheat actually is. Third, reflecting back the actual price at which wheat of that grade sells within the grades. The groups within the grades as well.

Mr. SINCLAIR. That latter point is the biggest point of all.

Secretary WALLACE. Yes. Now, to the extent that we are successful in that, your price card, of which you have been complaining so justly, will be modified and done away with. And that will be of great benefit to the farmer.

And then we are making an intensive study of separating these so-called inseparables. We are endeavoring to do everything we can to improve those methods.

Mr. VOIGT. Then you have an inexpensive and easy method for the individual farmer to find out what his grain really is?

Secretary WALLACE. To find out what his grade really sells for, and then we make facilities available to the farmer to find out what his grade is, and then an educational campaign to help him keep this stuff out, to begin with.

Mr. CLARKE. That is it.

Secretary WALLACE. It is a great educational scheme we are trying to work out, with the view of improving his wheat, whether it is good or poor wheat; to help him make his poor wheat better by making him sure that he is selling the wheat for whatever it may be, and by educating him all the way along the line. That is the plan we are working on in the department. And this conclusion we have reached represents the very best judgment of the very best men in the whole country.

The CHAIRMAN. Do the changes recently made by the department seem to meet with quite general approval?

Secretary WALLACE. I think so. It is very hard to get general reactions on these things. You hear from men here and there and the other place.

Mr. SINCLAIR. You will not be able to tell about that until you get the actual practical working out of it in the field.

Secretary WALLACE. We have got to see how it works.

Mr. SINCLAIR. And how the farmer is affected by it?

Secretary WALLACE. Yes.

The CHAIRMAN. Now, as I understand, you are giving consideration to the suggestions made to you by Mr. Steenerson?

Secretary WALLACE. Yes.

The CHAIRMAN. And if you find them practicable and advisable you are going to take them up later?

Secretary WALLACE. Yes, indeed; we are anxious to work with you gentlemen, and especially with you from the northwest whose constituents are experiencing this difficulty. We are very anxious to work with you, and we have had a good deal of help from Mr. Steenerson and the other gentlemen up there.

Mr. TEN EYCK. May I ask you a question right there, as regards handling of two different kinds of wheat of the same grade. If you had No. 1 wheat with enough foreign dockage in it to make it No. 5, and you had a No. 2 wheat with enough foreign dockage in it to make it grade No. 5, what information would you put on each one of these different grades to let the man know what he was buying?

Doctor TAYLOR. You would state specifically the occasion of grading down, and the otherwise grade. One of them would say "Otherwise No. 1." The other would state, "Otherwise No. 2." And state specifically the moisture content, foreign material other than dockage content, the weight, and so forth, the basis of grading, right on the certificate.

Mr. TEN EYCK. One more question. When that comes into the central market. You have spoken a great number of times about the number of different bins that you would have to take care on account of the different classes of wheat.

Doctor TAYLOR. Yes.

Mr. TEN EYCK. What would you do with the No. 5 that was really No. 2 grading it from a kernel, and the No. 5 that was really No. 1, grading it from a kernel? Would they have to put that into separate bins?

Doctor TAYLOR. No; not at the present time, but they would under the Steenerson proposition. But they would go ahead just as they have in the past.

Mr. TEN EYCK. In other words, you permit them now to mix No. 2 wheat grading it from a kernel with No. 1 wheat grading it from a kernel?

Doctor TAYLOR. Yes.

Mr. TEN EYCK. Well, that does not seem to be right. Some attention ought to be given to that.

Doctor TAYLOR. Well, some attention ought to be given to that. And we are giving attention to that. And if we could have seen how the storage end of that could have been handled without greatly dam-

aging the farmers of the Northwest the first year or two while the system was being developed for getting the separate storage and the hospitaling of this, I have no question but what we would have put this through on that basis. But since the grain trade was absolutely dead against it, and ready to make this new plan work just as badly as possible if it went through, and since we did not have the facts to show that they were wrong what we propose to do is to put in this scheme which we believe will reflect the cash value of this wheat back to the farmer in the first instance, recognizing that there are certain mixing problems that we have not taken care of that we wish we could take care of, and then we are proceeding at once to study this whole warehousing problem so as to have a basis in fact there for our future action, and we are taking a progressive attitude towards this, looking towards a gradual solution of the problem, realizing that we have not fully accomplished all that Mr. Steenerson wants to take care of, but as much as we feel it is practicable to undertake now in the present state of our knowledge.

Secretary WALLACE. Suppose you had had a large wheat crop this year with a large amount of excess moisture in the wheat in the northwest, what would have happened would be that it would simply have been unsalable.

Mr. KINCHELOE. Do the growers of winter wheat have this matter to contend with?

Doctor TAYLOR. No; but they have other matters to contend with. They have rye. They find that they have difficulty—

Mr. KINCHELOE. They have a great deal of cheat.

Doctor TAYLOR. Yes.

Mr. STEENERSON. I would like to say, Mr. Taylor, that Mr. Jacobson's objection to the Fitz-Coulter report was based purely and simply upon the designation of excess moisture wheat and excess foreign-material wheat to be placed on the certificate. And my proposition means that you will specify the amount of foreign material and the amount of moisture on the certificate. That Mr. Jacobson thought that those two designations—excess moisture and excess foreign-material wheat—would affect the price, and put it down in a separate grade. But that is obviated in my bill.

The CHAIRMAN. Just one moment, Mr. Steenerson. Are you through, Doctor Taylor?

Doctor TAYLOR. Yes.

The CHAIRMAN. All right, Mr. Steenerson.

Mr. STEENERSON. Now, the question of storage is not a question that concerns them here. The country elevators are the elevators that are concerned with the difficulty of storing different kinds of wheat. When the wheat arrives in the terminal, like Minneapolis, before that car is unloaded it is sold. There is not one car in a thousand that is not sold before it is put into a warehouse, and the buyer takes care of that, and knows where he is going to put it. The problem of storage never has been, in the 40 years that I have been selling wheat from my own farm, in the terminal market. That has never been the problem at all. The problem has been in these country elevators that have had to make different grades. And if the man in the Minneapolis terminal mixes different grades he does it for the purpose of making a higher grade of the mixture.

Mr. CLARKE. How is the wheat in your country? Dry?

Mr. STEENERSON. Extra dry.

Now, this proposition here does not affect the grades or the grading factor at all. The unanimous report of Fitz and Coulter was that moisture and foreign materials should not be grading factors. Moisture and foreign materials can be removed. They do not affect the merits. But under your grading requirement they allow 15 or 16 per cent moisture. The wheat that Judge Clague introduced is No. 5 because it has too much of weed seed in it. I believe that the Fitz-Coulter report, that requires wheat to be graded on its merits, what it is and with moisture when it is not so high as to make it unsafe to store or ship, should be the same for all grades. That would raise the price of all the grades below No. 1. I am satisfied that this proposition that the department has undertaken here, although it looks pretty good, especially if they do not change the moisture content in the lower grades to the same as No. 1, will not benefit the farmer one iota.

I understand that the millers are satisfied with the Fitz-Coulter idea, and it so states in one of these reports; that the opposition came from the dealers, the terminal elevators.

Mr. TINCHER. If the millers are entirely satisfied with it—

Mr. STEENERSON. No; but I judge that what they say is that the question is between the miller and the elevator man. Now, the elevator man has no interest in this whatever.

The CHAIRMAN. Mr. Steenerson, I will have to ask you to be brief. The committee desires to go into executive session.

Mr. STEENERSON. I just desire to take a minute. I have said all that I need to say. I believe my plan is the solution of the problem, and I think that when the time comes it will be adopted.

The main point made by the Chief of the Bureau of Markets here is that of storage. He claims that there are so many more grades that there is no place to store the wheat in Minneapolis. That is absolutely irrelevant. That has nothing whatever to do with it. The wheat is sold; the farmer has no interest in whether it is stored or sold or shipped to Chicago or anywhere else. The journey of that wheat is from the farm to the terminal market, and when they buy it they know what to do with it. We do not worry about that.

Doctor TAYLOR. But our fear is that there will not be a pocket for all these different grades—three times as many—and that they will not buy it at a fair price because they have no place to put it.

Mr. STEENERSON. They will certainly buy it as much as they buy now.

Secretary WALLACE. Let me say again that the department will be entirely satisfied with whatever you gentlemen decide is the wise thing to do. We have arrived at this plan because it seems to us to be the best plan to follow, but if you decide differently we will work under whatever plan you decide upon.

Mr. STEENERSON. I might ask the Secretary if this plan has been put into operation? Has this new plan been put into operation, or when will it be?

Doctor TAYLOR. It is in process of being put in operation. It will be in operation by the 1st of July.

The CHAIRMAN. Have you anything further, Mr. Steenerson?

Mr. STEENERSON. No.

The CHAIRMAN. Is that all you wish to say, Mr. Secretary?

Secretary WALLACE. Yes.

The CHAIRMAN. Thank you very much.

(Thereupon, at 11.50 o'clock a. m., an adjournment was taken, and the committee went into executive session.)

(The following was inserted at the request of Mr. Steenerson:)

UNITED STATES DEPARTMENT OF AGRICULTURE,  
BUREAU OF MARKETS AND CROP ESTIMATES,  
Washington, June 15, 1922.

HON. HALVOR STEENERSON,  
*House of Representatives.*

DEAR MR. STEENERSON: I have just returned from Minneapolis, where I have had a conference with the extension directors of the States of North Dakota, South Dakota, and Minnesota, and decided upon a plan for carrying forward the work of improving the Market News service and the "know your wheat" campaign. I met with the hearty cooperation of both the Chamber of Commerce of Minneapolis and the extension workers. On the evening of June 13 the inclosed release was given to the press at St. Paul.

You will be interested to know that I had a very satisfactory conference with Mr. Owen, of the Farm, Stock and Home. I believe we are sure of his cooperation in this progressive move to reflect the milling value of wheat to the farmer. I have received a long letter from President Coulter, in which he assures us of their very best efforts in cooperating in putting over the plan. All of this looks fine, and I think you are to be congratulated upon the results you have secured through the efforts you have put forth. Those of us who are in the thick of seeing this matter over do not feel that this is necessarily all that may be done, but we look upon it as a safe and sane first step that may lead to other things when we have a clear vision of the things to be accomplished.

Very truly yours,

H. C. TAYLOR, *Chief of Bureau.*

THE "KNOW YOUR OWN WHEAT" CAMPAIGN IN MINNESOTA, NORTH DAKOTA, AND SOUTH DAKOTA.

It is proposed that two schools of instruction be held early in July—one in Fargo, N. Dak., for the benefit of North Dakota and Minnesota extension forces, and the other at Brookings, S. Dak., for the benefit of the South Dakota forces. It is further proposed that the United States Department of Agriculture detail three men for a period of three or four months who shall first conduct these schools of instruction and later supervise the work in each of approximately 10 counties in each of the three States mentioned above.

The Department of Agriculture further proposes to loan to each State 10 sets of equipment, consisting of the following apparatus: Funnel, test-weight kettle, divider, sieves, Emerson kicker, tweezers, scales (large and arbitration), weights (gram. various sizes), pans (sample), small dishes (for separations).

In each of 10 counties in the three States it is proposed that the laboratory be opened, available to farmers of the county, in order that they may bring samples of wheat to be tested for dockage, test weight per measured bushel, such foreign material as may remain after the removal of dockage, which includes other grains (barley, rye, etc.), kingheads, corn cockle, and wild pea seeds, and also mixtures of wheats of other classes, also damaged grain and moisture where it is a problem; and, further, that they may get the necessary instruction in order to examine the products of their own farms and determine the grade of the grain they are placing on the market. This, with the Market News service which is being developed, will enable the farmers to know the value of their grain.

For 1922 it is proposed that the county agents, after being trained in the schools of instruction, handle the laboratory work themselves, unless the demands become so numerous that it will be necessary to put on additional assistance. In such cases a system of fees may be worked out as seems best in each State to cover the necessary additional cost of operating the laboratory.

It is recognized that the big work of the county agent in this campaign will be in the direction of the educational work necessary in the county, and that the laboratory is a necessary incident in the work. For the present it is felt that the county agents can properly undertake the laboratory work in addition to their other parts in the campaign, providing the laboratory does not become too much of a drain on their time.

The United States Department of Agriculture does not desire to put in equipment and supervise this work in any county where the farm bureau is not sufficiently interested to make this one of the major projects for the season.

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[News Release.]

At a conference held June 13, 1922, at the Federal grain supervision office, 404 Flour Exchange, Minneapolis, tentative plans were drawn for putting into operation plans recently announced by the Secretary of Agriculture for a Market News service and a "know your wheat" campaign. At this conference were present Dr. H. C. Taylor, Chief of the Bureau of Markets and Crop Estimates, and other representatives of the Department of Agriculture, together with several of the extension workers of the spring-wheat territory, including W. F. Kumlien, State extension director, Brookings, S. Dak.; Gordon W. Randlett, extension director, Fargo, N. Dak.; S. B. Cleland and William L. Cavert, of the State extension service at St. Paul, Minn.

At a conference held the preceding day between Doctor Taylor and officials of the Minneapolis Chamber of Commerce the cooperation of the chamber was promised in the building up of a Market News service at Minneapolis, which will be under the supervision of Mr. J. R. Mathewson. The aim of this service will be to furnish market reports which will reflect as nearly as possible the true market prices of the various qualities of wheat, not only of grades but of groups within grades.

At the conference with the extension workers the following proposals were taken back to the respective States by the extension representatives present. It was proposed that schools of instruction be held in the principal spring-wheat States, at which representatives of the United States Department of Agriculture would furnish instruction to county extension workers who would later carry on the work in the "know your wheat" campaign in approximately 10 counties of each of the States of North Dakota, South Dakota, and Minnesota. The county agents in each of the counties chosen will be equipped with adequate apparatus and a laboratory, to which samples of wheat may be brought to be tested for dockage, test weight per measured bushel, such foreign material as may remain after the removal of dockage, which includes other grains (barley, rye, etc.), kingheads, corn cockle, and wild peas, and also mixtures of wheats of other classes, also damaged grain and moisture where it is a problem.









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